

*Form -5*  
21 JUN 1974

MEMORANDUM FOR: Deputy Director for Management and Services

SUBJECT : Establishment of Small Purchases Branch

1. This memorandum is for your information only.

2. The Supply Division (SD) [REDACTED] which was phased out of existence in June 1973 as part of a program to reduce both personnel and position ceilings, was originally formed to provide a quick-reaction purchase facility. During the last full year of its operation, the SPU processed slightly in excess of 12,000 line items, receiving cable and letter requests for service from field stations as well as from Headquarters components. As the [REDACTED] was to a degree autonomous in that it handled all of its own procurement and shipments (normally parcel post or pouch), making direct payments to vendors from a revolving fund, it was able to operate "outside" the Agency Financial Property Accountability (FPA) system.

3. Since the demise of [REDACTED] its small purchase workload has been absorbed by the Procurement Division and, to a lesser extent, by the SD Interdepartmental Support Branch. These procurements are now processed within the FPA system, but such transactions require the use of a Property Procurement Allotment, cause a substantial paperwork burden with respect to a multitudinous array of actions involving formal logging, vouchering, encumbering, issuance of purchase orders (or use of Blanket Purchase Agreements), receiving reports, assignment of "wash" transaction numbers, key-punch machine inputs, and payment of many individual invoices as matched to receiving reports by the Office of Finance.

4. As the most economical and effective method of reducing workload and overall cost of operations is to procure low-cost expendable items outside of the formalized system, the Office of Logistics (OL) plans to reactivate an [REDACTED]. The unit will be designated as the Small Purchases Branch (SPB) and will (as did the [REDACTED]) operate as an SD component within the Central Depot. OL will reallocate in-house resources to provide the five positions and personnel required.

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[REDACTED]

and 1 items having a unit cost of \$200 or less with a further limitation of \$2,500 per line item or order to a single vendor. Purchases will normally be made only within the Washington metropolitan area.

6. The tentative date to begin operation of the SPB is 1 August 1974. A notice and appropriate instructions as to the establishment and use of SPB will be disseminated to customer organizations prior to date of activation.

STATINTL

[REDACTED]

*for* Francis J. Van Damm  
Director of Logistics

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*w* OL/P&PS: [REDACTED] (21 June 74)

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